GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2882
ANSWERED ON:21.03.2002
REDUCTION OF RATES OF RETURN
VINAY KUMAR SORAKE

Will the Minister of POWER be pleased to state:

(a) whether the Government of Karnataka has sought reduction of rate of return onequity of centrally owned generating stations to reduce the cost of power supply to the consumers;

(b) if so, whether by such a step the financial burden of the SEB is likely to be reduced from the existing 16% to a lower level; and

(c) if so, whether the Union Government have issued any policy direction to the Central Electricity Regulatory Commission in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : Karnataka Power Transmission Corporation Ltd. (KPTCL) in petitionpertaining to financial norms for rate of return pleaded before Central Electricity Regulatory Commission (CERC) that the rate of return on equity be reduced to 12%.

(b) : Return on Equity (ROE) is a component of fixed charges and therefore thereduction in Return on equity translates into lower tariff at which power is available to SEBs from CPSU.

(c) : No, Sir.